Postal Regulatory Commission
Submitted 5/26/2011 5:11:40 PM
Filing ID: 73085
Accepted 5/27/2011

ORDER NO. 738

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Mark Acton, Vice Chairman;
Dan G. Blair;
Tony L. Hammond; and
Nanci E. Langley

Estimating Volume Changes from Pricing Incentive Programs

Docket No. RM2010-9

ORDER TERMINATING PROCEEDING

(Issued May 27, 2011)

I. INTRODUCTION

Order No. 469 initiated this proceeding on June 8, 2010. The Commission sought suggestions from interested persons for new methods to estimate volume changes resulting from pricing incentive programs of the Postal Service. The Commission's current method uses price elasticity to estimate the new volume generated by pricing incentive programs. The Postal Service has developed a new methodology based on trend analysis.

Comments were received from several parties, including the Postal Service and the Public Representative. While the Commission appreciates the comments received, it is not persuaded that the alternatives offer a demonstrable improvement over the current method. Accordingly, this rulemaking proceeding is terminated. The Postal Service is encouraged to attempt to identify a more reliable method for evaluating the impact of price incentives and to continue collecting data that could be used for that purpose.

II. BACKGROUND

A. Pricing Initiatives Under the Postal Reorganization Act

The Commission's experience with pricing incentive programs began in Docket No. MC2002-2.[1] The Postal Service had negotiated declining block rates with a single mailer, Capital One Services, Inc. (Capital One). The negotiated rates were to be in effect for three years. The essential feature of a declining block rate is that a customer must purchase a minimum quantity to be eligible for a reduced rate. The reduced rate then applies only to quantity in excess of the minimum. So long as the reduced rate covers cost, the additional volume is profitable. This assumes that the minimum quantity (or threshold) is set at the quantity the customer would have purchased at regular rates.

What a mailer would have mailed at regular rates is uncertain. Thus, establishing a reasonable threshold is critical to properly incent the mailer, while also minimizing the possibility that discounts are paid on volume that otherwise would have been mailed. The Postal Service has always accounted for this latter effect when calculating the contribution (profit) earned from the reduced rate. In the Capital One case, the Postal Service estimated the additional volume effect of the volume-based discount provision of the Capital One contract using the analysis of Capital One witness Elliot.[2] Witness Elliot's analysis applied price elasticities from the Postal Service's volume forecasting model to the marginal discount.

---

[1] Docket No. MC2002-2, Opinion and Recommended Decision, May 15, 2003; *see also* Errata Notice, May 21, 2003.

[2] Docket No. MC2002-2, Direct Testimony of Stuart Elliott (COS-T-2) on Behalf of Capital One Services, Inc., September 19, 2002.

Elasticity is a measure of the volume response to a price change. Elasticity is the percentage change in volume divided by the percentage change in price. Thus, if the elasticity, price change, and volume (either before or after the price change) are known, the volume change associated with the price change can be determined.

Beginning with Docket No. MC2004-3, the Commission has applied an elasticity-based approach similar to that of witness Elliot for estimating the effect of volume-based discounts both before implementation, and based on after-the-fact analysis of actual results.[3] The Commission adopted "the analytical principle that the financial impact of price incentives to increase mail volume or to shift mail volume between products should be based on the Postal Service's best estimate of the price elasticity of the discounted product."[4]

B. Experience Under the Postal Accountability and Enhancement Act

The Postal Accountability and Enhancement Act of 2006 (PAEA) contained language endorsing and encouraging the kind of negotiated contracts that had developed under the Postal Reorganization Act. *See* 39 U.S.C. § 3622(c)(10). The Postal Service also attempted a new approach, one in which numerous mailers could receive discounted rates simultaneously as opposed to one mailer at a time.

In the past two years, the Postal Service has conducted three short-term pricing incentive programs. The purpose of short-term incentive programs is to generate new volume and additional net revenue. Rebates are offered to mailers who mail more pieces than they are expected to mail without rebates. The first of these programs occurred in the summer of 2009. This program offered rebates of 30 percent to senders of Standard Mail who increased their volume above the same period in 2008 (SPLY)

---

[3] *See* Docket No. MC2004-3, Opinion and Further Recommended Decision, April 21, 2006, at 21-38.

[4] *See* Docket No. RM2008-4, Order No. 104, Notice of Proposed Rulemaking Prescribing Form and Content of Periodic Reports, August 22, 2008, at 9, citing 2007 Annual Compliance Determination, March 27, 2008, at 127.

adjusted for each mailer's volume trend.[5] The Commission evaluated this program in the FY 2009 Annual Compliance Determination (ACD). In the 2009 ACD, the Commission noted that the Postal Service had developed a new methodology for estimating the profitability of the program. That methodology estimated a $24.1 million contribution to institutional costs, while the Commission's traditional estimating methodology estimated a negative contribution of $36.9 million.

The second short-term incentive program occurred in the fall of 2009, and offered rebates of 20 percent to bulk First-Class mailers.[6] The Commission evaluated the second pricing incentive program in the FY 2010 ACD. Again, the Postal Service and the Commission developed different estimates of net contribution from the pricing incentive program. 2010 ACD at 89.

The third short-term incentive program occurred in the summer of 2010 and again offered rebates of 30 percent on Standard Mail.[7] The Commission was unable to evaluate the third pricing incentive program due to insufficient data. *Id.* at 116. Recently, the Postal Service filed a data collection report concerning the 2010 Standard Mail Volume Incentive Program.[8] Commission analysis of that data is ongoing.

III. COMMENTS

Six parties filed comments or reply comments: Discover Financial Services (DFS), Pitney Bowes, the Postal Service, the Public Representative (PR), Saturation Mailers Coalition and Valassis Direct Mail (SMC/Valassis), and Valpak Direct Marketing Systems and Valpak Dealers' Association (Valpak).

---

[5] Docket No. R2009-3, Order No. 219, Order Approving Standard Mail Volume Incentive Pricing Program, June 4, 2009.

[6] Docket No. R2009-5, Order Approving First-Class Mail Incentive Pricing Program, September 16, 2009 (Order No. 299).

[7] Docket No. R2010-3, Order No. 439, Order Approving Standard Mail Volume Incentive Pricing Program, April 7, 2010.

[8] Docket No. R2010-3, Letter from Brandy Osimokun, May 16, 2011.

A. General Comments

Discover Financial Services. DFS states “that [the] Commission cannot mechanically and quantitatively test the Postal Service’s pricing incentive programs. It will have to perform a qualitative analysis.”[9] DFS also states:

> Elasticities are a measure of past behavior. In a program designed to *form and guide* future behavior by creating specific incentives to change past behavior, it would be a mistake to assume that any significant part of the past behavior, based on past patterns, would have continued anyhow, without the incentives in place.

Id. at 1-2 (emphasis in original).

Pitney Bowes. Pitney Bowes asks the Commission to consider the new pricing flexibility accorded the Postal Service by the PAEA. “Adopting a methodology that minimizes the administrative burden imposed on the Postal Service and maximizes the Postal Service’s ability to exercise its pricing flexibility is especially important in the context of the current financial challenges facing the Postal Service and the mailing industry.”[10] Pitney Bowes also argues that under the PAEA, the Commission should have a greater tolerance for risk when evaluating pricing incentive programs. Other mailers are protected from the effects of a poorly designed incentive program by the price cap. *Id*. at 3.

Saturation Mailers Coalition/Valassis. SMC/Valassis stress the importance of pricing incentive programs to retain customers for the Postal Service. Marketers are not captive customers of the Postal Service because there are alternative communication channels available.[11] The Commission and the Postal Service “should be focusing on

---

[9] Reply Comments of Discover Financial Services, August 17, 2010, at 2 (DFS Reply Comments).

[10] Comments of Pitney Bowes Inc., July 16, 2010, at 4.

[11] Comments of the Saturation Mailers Coalition and Valassis Mail, Inc., July 16, 2010, at 8 (SMC/Valassis Comments).

ways to create an environment that makes use of the mail attractive and affordable for businesses to prosper in the competitive marketplace." *Id.* at 5. They point out that pricing incentive programs can serve to retain volume that might otherwise disappear. The Postal Service should be allowed to use "good old business judgment like that practiced daily in the private sector…." *Id.* at 6.

Valpak. Valpak submitted reply comments concerning the use of short-run marginal costs in evaluating the profitability of pricing incentive programs.[12] Valpak points out that the profitability of a pricing incentive program depends not only on new revenue, but also on the cost of generating that revenue. *Id*. at 2. In evaluating the profitability of the pricing incentive program sales, the Postal Service claimed excess capacity existed. The Postal Service asserted that certain costs would not increase with the new volume from the sales. It calculated short-run marginal costs by subtracting the costs that would not vary with new volume from attributable costs. According to Valpak, "[t]he reliability of estimates of short-run attributable costs is open to serious question." *Id.* at 7. Valpak points out that the calculation of short-run marginal costs changed between 2009 and 2010, with excess delivery capacity claimed in 2009, but not in 2010. *Id.* at 4-5. Valpak suggests that a formal methodology for estimating short-run marginal costs be established in a rulemaking. *Id.* at 4.

B. Postal Service Comments

The Postal Service begins its initial comments with a critique of the Commission's elasticity-based approach to estimating profitability of pricing incentive programs. The Postal Service points out that individual mailers have demand elasticities that vary from the market average.[13] It then argues that mailers who participate in a volume incentive program are likely to have more elastic demand than

[12] Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. Reply Comments, February 11, 2011 (Valpak Reply Comments).

[13] Initial Comments of the United States Postal Service Concerning Methods to Estimate Volume Changes Caused by Pricing Incentive Programs, July 16, 2010, at 3 (Postal Service Comments).

the market average. The Postal Service divides mailers who receive discounts into two groups—those whose volume threshold is below their planned volume and those whose threshold is above their planned volume. Mailers in the first group would automatically participate because their planned volume is greater than their threshold, and they would earn discounts on anyhow volume. The Postal Service is better off financially if this group is small relative to the second group. The second group must increase their volumes in order to reach their threshold, and they only earn discounts on volume beyond the threshold. The Postal Service claims that the second group must have higher than average elasticity because:

> Customers in the second group…will choose to participate only if the value of any pieces they mail above the threshold outweighs the additional cost they incur from pieces they have to mail at full price to reach the threshold. Because they have more opportunity to generate additional value, customers with higher elasticities who find themselves in this position will be more likely to be able to offset the additional cost.

Id. at 4 (footnote omitted).

Next, the Postal Service argues that elasticities from its demand forecasting models are inappropriate for use in evaluating volume incentive programs because they include an "income effect" that would be smaller when a price change applies only to volume above a threshold. That is, the elasticities from demand forecasting models are estimated on the assumption that a price change affects all of a mailer's volume. The price change in a volume incentive program applies only to volume above the threshold. *Id.* at 5-6.

Finally, the Postal Service cites the comments of Robert Mitchell in Docket No. R2010-3 for the proposition that the elasticities applicable to a short-term (90-day) price change, such as occurs in the pricing incentive programs, differ from the elasticities estimated using long-term data. *Id.* at 6-7. Not only do historical price elasticities from volume forecasting models relate to price changes of long duration, but the price changes are anticipated by as much as a year. In contrast, volume incentive programs have been proposed with little notice and last a short time. Mailers have little time to adjust their production capacity or inventory and would therefore have less ability to respond to a short-term price change.

After discussing the Commission's use of demand elasticities, the Postal Service explains its method for estimating new volume from pricing incentive programs. The Postal Service's method relies on historical growth patterns.

> [This method] looks at how many customers grew more or less than the market as a whole, and the volume belonging to those customers. By assuming that there would have been a similar pattern of growth rates in the absence of the incentive program, an estimate of the amount of volume earning a rebate that would have existed in the absence of the program can be developed. It follows, then, that anything above that should be new volume.

Id. at 7-8. The Postal Service states that this method assumes a stable distribution of growth rates within the market over time. The Postal Service claims that disaggregated customer data support this assumption, but that more data is needed to test the assumption rigorously. *Id.* at 8. The Postal Service concludes "Although making use of all available information and analysis is a necessary and critical part of making this decision, as with any other, ultimately, the case for pursuing incentive programs must be a matter of business judgment by Postal Service management." *Id.* at 9.

In its reply comments, the Postal Service professes its willingness to use available data "to explore ways of reliably estimating the value of incentive programs, including estimating the volume changes that result from them."[14] It points out that the Postal Service has an obvious interest in developing financially successful programs.

---

[14] Reply Comments of the United States Postal Service, February 11, 2011, at 2 (Postal Service Reply Comments).

C. Public Representative Comments

The Public Representative cites academic literature for the proposition that successful implementation of quantity discounts requires information on the cost of serving customers as well as information on customers' demands.[15] The Public Representative urges the Postal Service to develop cost estimates for use in pricing incentive program evaluation and submit them in a rulemaking proceeding. *Id*. at 4-5. With respect to mailer demand, the Public Representative suggests that the Postal Service create groups of mailers with similar demands and estimate a group demand function. *Id.* at 5.

In reply comments, the Public Representative defends the established methodology and criticizes the techniques developed by the Postal Service for estimating profitability of pricing incentive programs.[16] The Public Representative provides an example of a single mailer who received over $8 million in discounts from the summer 2010 Standard Mail pricing incentive program. That mailer's volume had steadily increased from 2009 to 2010 without benefit of a discount. Its monthly 2010 volumes were all substantially above the same periods in 2009. But the volume threshold given this mailer was based on its 2009 low volume. The mailer would have received a large discount even if it hadn't increased its volume in response to the discount during the discount period. *Id.* at 2. The Public Representative suggests that discounts per mailer be capped at a reasonable volume response. *Id.* He states that "under the current design of the discount programs, the majority of benefits accrue to a small group of mailers whose volume trend cannot be accurately predicted." *Id.* at 3.

With respect to the Postal Service's approaches to estimating profitability, the Public Representative contends that "the basic premise of the idea put for[th] by the Postal Service is flawed." *Id.* at 5. According to the Public Representative, the Postal

[15] Initial Comments of the Public Representative Concerning Methods to Estimate Volume Changes Caused by Pricing Incentive Programs, July 9, 2010, at 1-4 (PR Comments).

[16] Reply Comments of the Public Representative, February 11, 2011 (PR Reply Comments).

Service's methods are based on the assumption that "all mailers have identical volume trends." *Id.* The Public Representative attaches a set of graphs to his reply comments. Each graph shows the three-year volume history of a mailer who received at least $500,000 in discounts from one of the pricing incentive programs. The Public Representative states that "[t]here is no discernable volume trend contained in these mailer histories, no identifiable pattern of consistent mailer growth patterns." *Id.*

The Public Representative also raises an issue of reliability of data from the second pricing incentive program. The data collection plan adopted by the Commission required the Postal Service to report on mergers of participants. Specifically, the data collection plan required the Postal Service to submit volume data "separately for each company involved on (i) a pre-acquisition or premerger basis, and (ii) for the combined company, on a post-acquisition or post-merger basis, with appropriate links between the sheets for each company involved in the acquisition or merger…." Order No. 299 at 19. The Postal Service reported that only one participating customer was involved in a merger or acquisition.[17] However, the Public Representative found that 93 participating customers were involved in 571 mergers during the "Fall Sale." [18] The Public Representative thus questions the reliability of volume data reported by the Postal Service.

IV. COMMISSION ANALYSIS

A. Purpose of This Rulemaking

As noted above, there have been three short-term pricing initiatives under the PAEA. The Commission evaluated the first of these incentive programs in its FY 2009 ACD. The Commission noted that "[t]he Postal Service expects to understand its

---

[17] Response of the United States Postal Service to Chairman's Information Request No. 1, September 10, 2010, question 3 (Response to CHIR No. 1).

[18] Public Representative Motion for Issuance of Information Request, October 20, 2010, at 2.

markets better as a result of analyzing the results of the Incentive Program." 2009 ACD at 87. The Commission also noted that:

> The Postal Service utilizes a new method employing trend analysis to develop assumptions regarding mailer response to these short-term price changes. Using that method, the Incentive Program makes a positive contribution of $24.1 million. The methodology used by the Commission to test the financial results for NSAs produces a negative contribution of $36.9 million.

Id. at 88 (footnote omitted). The Commission indicated that it would "initiate a rulemaking to fully explore the merits of these alternate methodologies." *Id.* This rulemaking proceeding was the result.

All of the pricing incentive programs have produced potentially valuable data. The Commission encourages the Postal Service to continue using its pricing flexibility to learn more about its markets. However, to realize the full potential of such pricing incentives and to maximize the likelihood that they will improve the financial position of the Postal Service, data collected must be accurate and reliable.

The purpose of this rulemaking was to evaluate the relative merits of "trend analysis" and "elasticity analysis," while also considering any other possible methods for estimating the profitability of pricing incentive programs.

B. Postal Service Methodology

In its data collection report for the Standard Mail pricing incentive program that ran from July through September 2009 (Docket No. R2009-3), the Postal Service presented a new method for estimating the portion of the discounted volume that would have been sent in the absence of the discount. It calculated a "spring threshold" for each mailer using the same trend used to develop the summer thresholds for discount eligibility. After calculating the difference between the actual spring 2009 volume and the spring 2009 threshold for each mailer, the sum of these differences for the mailers with actual volume above the threshold was divided by actual spring 2008 volume for all participating customers. *See* Response to CHIR No. 1, question 7a. The 7.07 percent result was referred to as “loyalty growth” by the Postal Service. This percentage was then multiplied by the total actual (after-rates) summer 2009 volume sent by participating customers to estimate “loyalty growth” volume for the 2009 pricing initiative.[19] The volume identified as “loyalty growth” is roughly analogous to “anyhow” volume, *i.e.,* volume that would have been mailed absent the discount that produces revenue leakage (discounts paid on volume that would have been sent had there been no discount).

The Postal Service’s method attempts to control for non-price factors that affect volume by assuming that the extent of above-trend volume growth that would have occurred in the spring period immediately preceding the actual discount period also would have occurred during the discount period (July through September). Because the above-trend growth occurred in the absence of the discount incentive, this volume is deemed to be unrelated to the incentive.

The Postal Service also used a variation of this approach in its development of a forward-looking estimate of anyhow volume in its 2010 summer pricing initiative. It applied the 7.07 percent from the 2009 initiative to the aggregate SPLY (summer 2009) volume of mailers expected to participate in the 2010 initiative.[20] As a practical matter, since volume data for the period immediately preceding a discount period are not available in advance, the application of the Postal Service’s “spring threshold” approach in an *ex ante* analysis requires the use of a “loyalty growth” factor developed from a previous initiative.

Data problems. A fundamental issue in any volume estimation methodology is reliability of volume data. The Postal Service acknowledges that the body of data it has

[19] Docket No. ACR2009, Responses of the United States Postal Service to Questions 1-5 of Chairman’s Information Request No. 8, March 8, 2010, questions 1 and 2.

[20] Docket No. R2010-3, Response of the United States Postal Service to Chairman’s Information Request No. 1, March 16, 2010, questions 1 and 3.

collected to date is “unsuitable estimating the effect of the sales programs.”[21] It says the data are incomplete because it failed to collect and verify data for the entire time period covered by the initiatives. It also suggests that if it is able to collect more detailed information on volumes mailed by mail service providers (MSPs) and conduct more initiatives of this type, it will be more likely to be able to isolate the effects of the pricing incentives on volume. *Id.*

CHIR No. 1, question 2, highlighted a problem with accounting for volume sent by MSPs. MSPs prepare and deposit mail for a number of customers and are not themselves eligible to participate in pricing incentive programs. However, if volume sent by an MSP can be associated with a specific customer, that volume can count toward the customer’s threshold and earn rebates. Some participating mailers sent all their mail through MSPs. Some other participants sent a majority of their mail through MSPs. Yet, when implementing its methodology for estimating anyhow volume, the Postal Service excluded MSP volume from its trend analysis. Response to CHIR No. 1, question 2. The exclusion of MSP volumes raises questions about the reliability of Postal Service estimates of new contribution.[22]

The Postal Service also expresses a more general skepticism about the potential to reliably isolate the volume incentivized by discounts. Even if the data problems are resolved, it states that “the impossible task of trying to construct an alternate version of past events i.e. ‘what-if scenarios’, which frankly will never be known or testable, still remains.”[23] It remains unclear whether the Postal Service believes that reasonably isolating volume incentivized by discounts (a necessary input to any estimate of the financial effects of an incentive) is ultimately feasible or not.

---

[21] Response of the United States Postal Service to Commission’s Information Request No. 1, December 22, 2010, question 2a (Response to CIR No. 1).

[22] CIR No. 1, question 1, also sought MSP volume data allocated to sale participants for the period 2006-2010. The Postal Service responded that obtaining such data was a labor-intensive process that had only been performed for the base period and the fall sale period. Response to CIR No. 1 at 2.

[23] Response of United States Postal Service in Opposition to the Public Representative’s Motion for Issuance of Information Request and Adjustment to Procedural Schedule, August 3, 2010, at 2.

Whether data have been adjusted sufficiently to account for participants who were involved in mergers or acquisitions is also uncertain. The Postal Service states that it is only concerned with mergers or acquisitions that would affect volumes during and between the base period and the sale period. It states that it relied on publicly available information, knowledge of staff, and reports from participants themselves to track mergers and acquisitions. Response to CIR No. 1, question 3. The Public Representative points to the disparity between the number of mergers he found and the one identified by the Postal Service as an indicator that the Postal Service may not have sufficiently accounted for mergers in its data collection.

C. Commission Methodology

In evaluating pricing initiatives that apply to multiple eligible mailers, the same elasticity-based approach developed for use with a single mailer can be applied to each discounted mailer's actual volume to estimate its before-rates volume. If this estimated before-rates volume is greater than the mailer's threshold, the discounts on all pieces between the mailer's threshold and its before-rates volume (leakage) are then subtracted from the contribution of the increased volume that results from the discount incentive. Since this approach is dependent on the after-rates volume, it is most readily applied *ex post*, when the actual after-rates volume is known. Nevertheless, it can also be used to estimate a range of potential effects *ex ante* by applying the same approach to a range of potential after-rates volumes.

Price elasticities implicitly control for all other variables assumed to affect volume. Therefore, other endogenous variables that cause changes in volume are held constant, thus isolating the volume generated in response to the discount from the volume changes due to all other factors. While the Postal Service develops price elasticities annually as part of its volume forecasting analysis, they are not perfectly suited to the analysis of the Postal Service's volume-based pricing initiatives. These initiatives have been generally shorter in duration, larger in magnitude, and more narrowly focused in terms of mailer eligibility than the historical price changes from which the elasticities in the Postal Service's volume forecasting analysis are estimated.

Commenting on the 2010 summer initiative, Robert Mitchell discussed several ways in which a mailer's response to temporary volume-based discounts that are available to a few mailers or one mailer might not be properly modeled with long-term elasticity estimates like the Postal Service's.[24] He identified four factors that would suggest a potentially smaller volume response than the Postal Service's volume forecasting elasticities would indicate. These are the temporary nature of the discounts (which might preclude mailer investments), the potential lag in response to the discount, the absence of mailers entering and leaving the market, and a mailer's uncertainty as to whether it will reach the discount threshold. He also explained that if the discount is not available to a mailer's competitors, the response might be greater than indicated by the market elasticity. *Id*. at 4-6.

The Commission's methodology is based on economic theory.[25] However, economic theory cannot determine what elasticity applies to a particular mailer. The Commission uses elasticities based on averages over all mailers using a class or product. Some mailers are bound to have higher than average elasticities. These mailers would generate more new volume than the Commission would predict from a pricing initiative. However, the converse is also true—some mailers have lower than average elasticities and would generate less volume than the Commission would predict.

V. CONCLUSION

Pricing incentive programs have the potential to improve the financial position of the Postal Service and to provide valuable information on postal customers and

[24] Docket No. R2010-3, Comments of Robert W. Mitchell on Proposed Summer Sale 2010, March 22, 2010.

[25] *See* Docket No. MC2002-2, Testimony of John C. Panzar, January 16, 2003; *see also* Docket No. MC2004-3, Opinion and Further Recommended Decision, April 21, 2006, at 26-37.

markets. However, without the ability to reasonably estimate the volume sent in response to a pricing incentive as compared to the volume that would have been sent absent the incentive, it is not possible to estimate the effect of an incentive on the Postal Service's financial position.

Regardless of the method used, estimating the financial effects of pricing incentives requires accurate and reliable data. The Commission supports innovative pricing initiatives and encourages the Postal Service to cure deficiencies in data reporting that have been described in this order. The Commission suggests that the Postal Service examine how firms in other industries evaluate the success of incentives for individual customers or for system-wide sales.

VI. ORDERING PARAGRAPHS

It is ordered:

1. Docket No. RM2010-9 is terminated.

2. The Commission's accepted analytical principal for the evaluation of financial effects of price incentives to increase mail volume or to shift mail volume between products is retained.

3. All pending motions not ruled on herein are hereby denied.

By the Commission.

Shoshana M. Grove
Secretary